

Message Text

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INFO OCT-01 ISO-00 EB-07 SP-02 AID-05 NSC-05 CIEP-01

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R 051034Z SEP 75

FM AMEMBASSY SOFIA

TO SECSTATE WASHDC '158

USDOC WASHDC

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 SOFIA 1905

VIENNA FOR EWTC

E.O. 11652: GDS

TAGS: EGEN, EEWT, BEXP, PFOR, BU

SUBJECT: BULGARIAN-US ECONOMIC COUNCIL SUCCESSFULLY CONCLUDES FIRST MEETING

1. BEGIN SUMMARY: FIRST PLENARY SESSION OF BULGARIAN-US ECONOMIC COUNCIL (BUSEC) PROCEEDED SMOOTHLY AND LARGELY SUCCESSFULLY, LAYING GROUNDWORK FOR FURTHER DEVELOPMENT OF BUSINESS RELATIONS. US SIDE WAS GIVEN VIP TREATMENT, INCLUDING MEETING WITH ZHIVKOV. IN ADDITION, SOME BUSINESS OPPORTUNITIES SURFACED, PHILIP MORRIS SIGNED ITS LONG-AWAITED CONTRACT WITH BULGARTABAC, AND DISCUSSIONS ON A NUMBER OF NEW PROJECTS WERE BEGUN. FINAL COMMUNIQUE FAVORS BULGARIAN CONFIDENTIAL

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CERNS TO A DEGREE, BUT DOES NO PARTICULAR HARM. NEXT SESSION TO TAKE PLACE IN US NEXT SPRING. END SUMMARY

2. FIRST PLENARY SESSION OF BUSEC OPENED IN SOFIA SEPT-

EMBER 1, WITH 18 SENIOR BUSINESSMEN PLUS SUPPORT STAFF FROM US CHAMBER OF COMMERCE FORMING AMERICAN CONTINGENT. WILLIAM F. MAY, CHAIRMAN OF BOARD OF AMERICAN CAN COMPANY WAS US CHAIRMAN. BULGARIAN DELEGATION WAS LED BY KHRISTO KHRISTOV, A DEPUTY MINISTER OF FOREIGN TRADE, BUT MORE SENIOR GOB FIGURES ALSO TOOK PART IN MEETINGS AND DISCUSSIONS.

3. PREDICTABLY, BULGARIAN EMPHASIS WAS ON ELIMINATION OF "TRADE DISCRIMINATION", I.E. OBTAINING MFN AND EXIM CREDITS. FIRST DEPUTY FOREIGN TRADE MINISTER ANDREY LUKANOV REITERATED PUBLICLY UNCOMPROMISING REFUSAL TO NEGOTIATE TRADE AGREEMENT WHILE JACKSON-VANIK LANGUAGE REMAINS IN TRADE ACT BUT REPORTEDLY SHOWED IN PRIVATE MORE FLEXIBILITY IN ATTITUDE AND A WILLINGNESS TO AT LEAST EXPLORE SUBJECT. US SIDE MAKE NO SECRET OF THEIR DESIRE TO CHANGE LANGUAGE OF TRADE ACT, BUT CAUTIONED THIS NOT LIKELY TO SUCCEED PRIOR TO NEXT PRESIDENTIAL ELECTION. IN ANY CASE, BOTH SIDES AGREED ON NEED TO AVOID RECRIMINATIONS AND TO DO WHAT IS DO-ABLE NOW.

4. AMERICAN SIDE EMPHASIZED IN FRANK TERMS THEIR CURRENT PROBLEMS IN DOING BUSINESS IN BULGARIA: FAILURE OF BULGARIANS TO ANSWER OR ACKNOWLEDGE COMMUNICATIONS, FREQUENT CHANGES OF NEGOTIATING PERSONNEL, DEMANDS FOR UNREALISTIC PROVISIONS IN CONTRACTS, DIFFICULTIES IN TERMINOLOGY, TIMELY ACCESS TO INFORMATION, ETC. FOREIGN TRADE MINISTER NEDEV, DURING HIS PRESENTATION, ACKNOWLEDGED PROBLEMS, PROMISED REMEDIAL ACTIONS IN AT LEAST SOME AREAS AND, IN GENERAL, ASKED FOR US PATIENCE AND PERSISTENCE.

5. REPORT ON UPCOMING SEVENTH FIVE-YEAR PLAN BY DEPUTY PREMIER DOYNOV WAS MACHINE-GUN FIRE LISTING OF BULGARIAN DREAMS, HOPES AND EXPECTATIONS, PUNCTUATED WITH SHOTGUN BLASTS OF STATISTICS. BULGARIANS HAVE PROMISED ENGLISH TEXT, AND THIS WILL REQUIRE CAREFUL ANALYSIS. WE WILL REPORT IN DETAIL LATER.
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6. DISCUSSION OF FINANCIAL MATTERS PRODUCED INTERESTING STATEMENT THAT PROJECTS REQUIRING FOREIGN CURRENCY REQUIRE APPROVAL OF BOTH NATIONAL AND FOREIGN TRADE BANKS BEFORE INCLUSION IN LONG-TERM PLANS. ESTIMATE FROM US SIDE THAT BULGARIA CURRENTLY HAS OVER ONE BILLION DOLLARS IN CREDIT ARRANGEMENTS (NOT ALL OF WHICH IS ALREADY DEBT) BROUGHT NO CONFIRMATION, BUT BULGARIANS SEEMED PLEASED WITH RELATED ASSESSMENT THAT THIS WAS COMPLETELY MANAGEABLE FIGURE AND THAT BULGARIA IS EMINENTLY CREDIT-WORTHY.

7. US COUNCIL MEMBERS WERE RECEIVED SEPT 2 BY CHIEF OF STATE AND BCP FIRST SECRETARY TODOR ZHIVKOV, WHO TREATED THEM TO AVUNCULAR AND WITTY PRESENTATION OF BULGARIA'S

CASE AS THE OFTEN-SPURNED BUT NEVERTHELESS SHOPEFUL SUITOR
FOR BETTER RELATIONS WITH US. MOST ON US SIDE
SEEMED IMPRESSED -- AT LEAST WITH ZHIVKOV'S
PROFESSIONALISM.

8. SEPT 3, THOSE US MEMBERS SO DESIRING WERE TAKEN TO
PLOVDIV INTERNATIONAL FAIR (2-1/2 HOUR DRIVE FROM SOFIA),
WHERE THEY WERE ACCORDED SPECIAL VIP TREATMENT, FOLLOW-
ING IN ZHIVKOV'S WAKE IN TOUR OF FAIR EXHIBITS. STOP
AT US PAVILION ACQUAINTED GROUP WITH US EFFORT AT FAIR,
WITH WHICH THEY WERE PLEASED, AND REPORTEDLY ALSO
DEVELOPED SOME NEW TRADE OPPORTUNITIES.

9. "PROTOCOL AGREEMENT" (TEXT BY SEPTTEL) -- ACTUALLY A
PRESS COMMUNIQUE IN ESSENCE DESPITE ITS MORE IMPOSING
TITLE -- IS LARGELY INNOCUOUS DOCUMENT, SUMMARIZING IN
GENERAL TERMS ACTIVITIES OF FIRST PLENARY MEETING.
POSITIONING OF BULGARIAN DESIDERATA UP FRONT (THE TWO
SIDES AGREEING THAT ENDURING TRADE RELATIONSHIP REQUIRES
ESTABLISHMENT OF NONDISCRIMINATORY TARIFF TREATMENT,
LIBERALIZATION OF ACCESS RIGHTS FOR COMMERCIAL VESSELS
AND EXIM CREDITS) PRODUCES INITIAL IMPRESSION OF IMBALANCE,
BUT US SIDE DID MANAGE TO SHOEHORN KEY ELEMENTS OF ITS
WANT LIST IN SUBSEQUENT PARAS.

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C O N F I D E N T I A L SECTION 2 OF 2 SOFIA 1905

10. FOLLOWING SIGNING OF "PROTOCOL", PHILIP MORRIS AND BULGARTABAC SIGNED CONTRACT LICENSING PRODUCTION OF MARLBORO CIGARETS IN BULGARIA. EXACT TERMS OF AGREEMENT WERE NOT REVEALED, INDEED ARE YET TO BE COMPLETELY WORKED OUT. OTHER US COUNCIL MEMBERS REPORTED VARIOUS BUSINESS POSSIBILITIES WHICH SURFACED DURING SIDE DISCUSSIONS. THESE RANGE FROM THE FAIRLY FIRM TO THE EXCEEDINGLY TENTATIVE. ALL REQUIRE FURTHER DEVELOPMENT AND NEGOTIATION AND WE WILL REPORT SUBSEQUENTLY AS DEALS HARDEN. AMERICAN CAN, AMERICAN MICROSYSTEMS AND CELANESE SEEMED PARTICULARLY PLEASED WITH THEIR TALKS BUT, ON THE OTHER SIDE OF THE LEDGER, KAISER AND PHILADELPHIA QUARTZ CAME AWAY DISCOURAGED.

11. COMMENT: WE BELIEVE A GOOD IF UNEVEN BEGINNING
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HAS BEEN MADE, AND THAT MOST OF WHAT COULD BE REASONABLY EXPECTED FROM THIS INITIAL MEETING WAS ACHIEVED. CERTAINLY THE SESSIONS WERE MUTUALLY EDUCATIONAL, NOT IN THE LEAST THAT THE BULGARIANS GOT A FULL DOSE OF COMPLAINTS ABOUT THE DIFFICULTIES OF DOING BUSINESS HERE. THE PROBLEM AND THE TEST WILL BE TO SEE WHETHER THE MOMENTUM CREATED WILL CARRY THROUGH TO THE NEXT JOINT MEETING, SET FOR NEXT SPRING IN US, AND BEYOND, AND WHETHER (IN THE WORDS OF ONE AMERICAN DELEGATE) THE TWO SIDES CAN MOVE ON FROM CONTRACTS TO CONTRACTS.
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<< END OF DOCUMENT >>

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